

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 COME-00 EB-08 LAB-04 SIL-01 /072 W  
-----046729 021651Z /41/10

P R 291654Z JUL 77  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC PRIORITY 1207  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS

C O N F I D E N T I A L MADRID 5762

USEEC BRUSSELS

C O R R E C T E D C O P Y (MRN 5762 VICE 5707)

E.O. 11652: GDS  
TAGS: ELAB, SP  
SUBJECT: ASSISTANCE TO THE UGT: PROPOSED DGB LOAN HITS SPANISH  
PRESS

1. THE JULY 25 - 31 EDITION OF LEFT CENTER "CAMBIO 16" MAGAZINE CARRIED A SHORT ITEM NOTING THAT THE UGT A) WAS GOING THROUGH A SERIOUS ECONOMIC CRISIS, B) WOULD BE REQUESTING A CREDIT OF 300 MILLION PESETAS FROM THE BANK FUR GEMEINWIRTSCHAFT "OWNED BY THE WEST GERMAN UNIONS" AND C) WAS SEEKING FOR THE GERMAN BANK A GUARANTY FROM THE SPANISH GOVERNMENT BASED ON PATRIMONY CONFISCATED AT THE END OF THE CIVIL WAR. THE ITEM WAS SUBSEQUENTLY PICKED UP ON A LOW-KEY BASIS BY CENTRIST "INFORMACIONES" (JULY 21) AND INDEPENDENT LIBERAL LEFT "EL PAIS" (JULY 23). THE BASQUE STV INFORMED US THAT THE ITEM WAS ALSO CARRIED IN BILBAO BY DAILY "EL CORREO ESPANOL - EL PUEBLO VASCO" (JULY 21).

2. AS THE DEPARTMENT IS AWARE, THE MATTER OF THE PROPOSED  
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DGB-UGT LOAN HAS UNTIL NOW BEEN VERY CLOSELY HELD. UGT INTERNATIONAL SECRETARY MANUEL SIMON HAS TOLD LABATT THAT IT WAS THEIR BELIEF THAT THE LEAK HAD COME FROM THE BANCO RURAL Y MEDITERRANEO (THE BANK THAT HANDLES THE BULK OF THE FUNDS FROM THE NOW DISMANTLED OFFICIAL SYNDICAL ORGANIZATION, AND WHICH WAS NEGOTIATING THE LOAN FROM THE SPANISH END). HE POINTED OUT THAT THE

SPANISH BANK COUNTED AMONG ITS EMPLOYEES MEMBERS OF BOTH RIVAL UNIONS CHRISTIAN SOCIALIST USO AND COMMUNIST-DOMINATED WORKERS' COMMISSIONS (SWC). SIMON DID NOT APPEAR OVERLY CONCERNED ABOUT THE LEAK, COMMENTING THAT THE UGT HAD KNOWN ALL ALONG THAT SUCH A MATTER COULD NOT REMAIN SECRET FOR LONG. AS A MATTER OF FACT, THE UGTRHAD INTENDED TO MAKE THEIR LOAN REQUEST PUBLIC THEMSELVES IF THE GOS HAD CONTINUED TO STALL ON THE ISSUE OF THE GUARANTY.

3. NEW MINISTER OF LABOR MANUEL JIMENEZ DE PARGA TOLD THE AMBASSADOR JULY 28 THAT HE HAD BEEN BRIEFLY BY THE PRIME MINISTER ON THE MATTER OF THE PENDING DGB DM 10 MILLION LOAN TO THE UGT (MADRID 5681), AND THAT IT WAS SOMETHING THAT WOULD REQUIRE A POLITICAL DECISION. SIMON TOLD US JULY 27 THAT ALTHOUGH THEY HAD NOT YET GOTTEN THE GREEN LIGHT ON THE LOAN, JIMENEZ DE PARGA'S OFFICE HAD BEEN MAKING "POSITIVE SOUNDS". BE THAT AS IT MAY, A NUMBER OF IMPORTANT ELEMENTS STILL BELIEVE THAT THE UGT IS TOO RADICAL AND SUAREZ MAY BE UNDER CONSIDERABLE PRESSURE TO CONTINUE TO HOLD OFF ON ANY GOS GUARANTY (BASED ON PATRIMONY DUE THE UGT FROM PROPERTIES CONFISCATED AFTER THE SPANISH CIVIL WAR) OF THE LOAN. STABLER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**TAGS:** ELAB, SP  
**To:** STATE  
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**Review Markings:**  
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